

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

GRADUATE MEDICAL EDUCATION OVERVIEW

GME GENERALLY

▪ GME Funding	Provides funding to hospitals for costs associated with operating GME programs
▪ "Direct GME"	Funds resident and administrative staff salaries and benefits, faculty stipends, and other program
▪ "Indirect GME"	Funds the marginal increase in hospital operating costs attributable to GME training activities
▪ Funding Sources	Most hospitals receive both federal funding for Medicare-related costs and state funding for Medicaid-related costs
▪ CMS Requirement	The Centers for Medicare and Medicaid requires AHCCCS to annually update its Medicaid State Plan with respect to GME funding

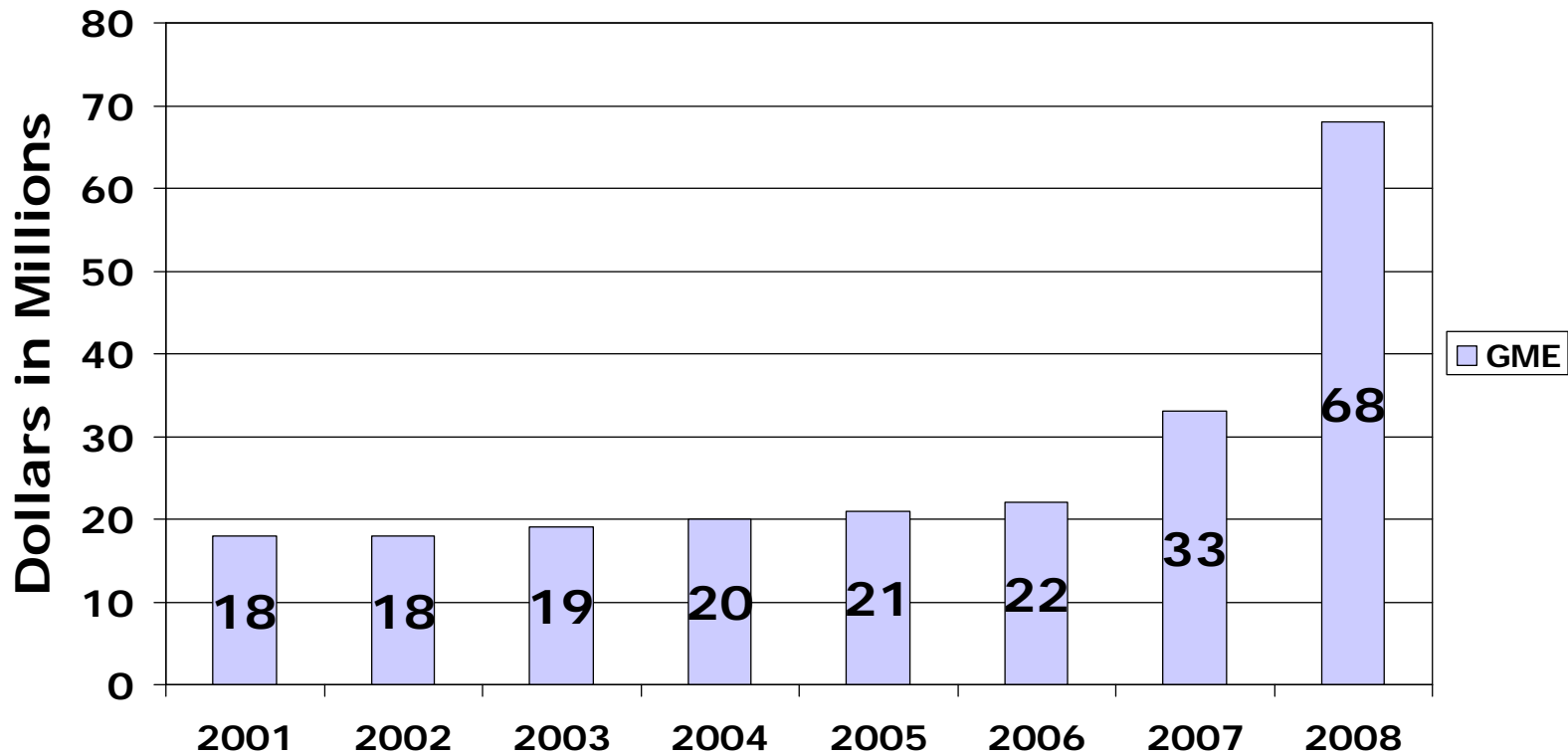
ARIZONA STATUTES: A.R.S. 36-2903.01(H)(9)

▪ subdivision (a) - "GME A"	Provides Direct GME funding for GME programs that existed on or before October 1, 1999
▪ subdivision (b) - "GME B"	Provides Direct GME funding for GME programs and residency positions established after October 1, 1999 and before July 1, 2006 <ul style="list-style-type: none">- (b)(i) applies to hospitals that do not qualify for GME A funds and gives them funding priority- (b)(ii) applies to hospitals that receive funds under GME A and have expanded their programs
▪ subdivision (c)(i) - "GME C1"	Provides Direct GME funding for GME programs established on or after July 1, 2006
▪ subdivision (c)(ii) -- "IME C2"	Provides Indirect GME funding to hospitals whose GME programs include resident rotations to counties with populations under 500,000 persons
▪ subdivision (f) -- "IME IGT"	Allows county and tribal governments to contribute additional funds for GME for purposes of drawing down federal matching funds

DISTRIBUTION METHODOLOGY

▪ GME A Distribution	Funds are distributed by a statutory formula; each qualifying hospital receives a fixed percentage of the annual pool
▪ GME B & C1 Distributions	Funds are distributed based on the number of filled residency positions in the GME programs, using a statewide average per resident cost, applying each hospital's Medicaid utilization percentage, and excluding resident positions funded under GME A
▪ IME C2 Distribution	Funds are distributed based on the number of 1-month resident rotations to qualifying counties, using a statewide average Medicaid-adjusted per-resident per-month cost, and capping each hospital's distribution at its total Medicaid Indirect GME cost
▪ IME IGT Distribution	Funds are distributed to the hospitals designated by the contributing county or tribal government, capping each hospital's distribution at its total Medicaid Indirect GME cost

Total Fund AHCCCS GME Payments



SFY 2008 GME Distributions By Pool

	DIRECT GME			INDIRECT ME		Total
	GME A "Traditional"	GME B "Expansions"	GME C1 "Expansions - New"	IME C2 "Rural Rotations"	IME IGT	
Banner Good Samaritan	2,665,882	901,479	165,520	0	0	3,732,880
John C. Lincoln -- Deer Valley	17,518	0	0	0	0	17,518
Kingman Regional	0	650,068	0	1,069,112	0	1,719,180
Mayo Hospital	0	938,024	83,827	0	0	1,021,852
Maricopa County Medical Center	7,925,439	1,997,168	544,208	0	18,000,000	28,466,815
Phoenix Baptist Hospital	171,929	0	0	0	0	171,929
Phoenix Children's Hospital	4,471,644	1,395,214	343,072	0	0	6,209,930
Scottsdale Healthcare -- Osborn	192,865	3,014	0	0	0	195,879
Scottsdale Healthcare -- Shea	53,393	16,031	0	0	0	69,425
St. Joseph's Hospital -- Phoenix	3,316,250	2,090,156	570,731	0	0	5,977,137
Sierra Vista Regional	0	0	131,270	459,381	0	590,651
Tucson Medical Center	736,196	365,559	9,212	0	0	1,110,966
University Medical Center	3,707,661	3,448,387	95,906	201,483	9,602,087	17,055,524
University Physicians	0	205,071	478,050	0	1,235,968	1,919,089
Walter Boswell Memorial Hospital	3,624	0	0	0	0	3,624
	23,262,400	12,010,172	2,421,797	1,729,976	28,838,055	68,262,400
Federal Funds	15,416,000	7,959,141	1,604,925	1,146,455	19,110,979	45,237,500
General Funds	7,846,400	4,051,031	816,872	583,521		13,297,824
Political Subdivision Funds	0	0	0	0	9,727,076	9,727,076
Total Funds	23,262,400	12,010,172	2,421,797	1,729,976	28,838,055	68,262,400
	ARS 36-2903.01 (H)(9)(a)	ARS 36-2903.01 (H)(9)(b)	ARS 36-2903.01 (H)(9)(c)(i)	ARS 36-2903.01 (H)(9)(c)(ii)	ARS 36-2903.01 (H)(9)(f)	

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SUMMARY COMPARISON: GME "EXPANSIONS" FUNDING SFY 2007 vs. SFY 2008

	Residents 2007		Funds 2007	Residents 2008		Funds 2008	Increase or Decrease		
	Total Eligible	Medicaid-Adjusted	Expansions Distribution	Total Eligible	Medicaid-Adjusted	Expansions Distribution	Total Eligible	Medicaid-Adjusted	Expansions Distribution
Banner Good Samaritan	35	10	\$900,473	33	12	\$1,066,999	-2	1	\$166,525
Del Webb Memorial	0	0	\$0	0	0	\$0	0	0	\$0
John C. Lincoln -- Deer Valley	0	0	\$0	0	0	\$0	0	0	\$0
John C. Lincoln -- North Mtn	0	0	\$0	0	0	\$0	0	0	\$0
Kingman Regional Medical Center	20	6	\$526,829	24	7	\$650,068	3	1	\$123,239
Mayo Clinic Hospital	90	5	\$389,405	111	11	\$1,021,852	21	7	\$632,446
Maricopa County Medical Center	39	33	\$2,893,945	42	28	\$2,541,377	3	-6	-\$352,568
Phoenix Baptist Hospital	0	0	\$0	0	0	\$0	0	0	\$0
Phoenix Children's Hospital	28	14	\$1,221,842	34	19	\$1,738,287	6	5	\$516,444
Scottsdale Healthcare -- Osborn	0	0	\$0	0	0	\$3,014	0	0	\$3,014
Scottsdale Healthcare -- Shea	1	0	\$9,985	1	0	\$16,031	0	0	\$6,046
St. Joseph's Hospital -- Phoenix	34	15	\$1,323,650	58	29	\$2,660,887	24	14	\$1,337,237
Sierra Vista Regional Health Center	5	1	\$120,460	5	1	\$131,270	0	0	\$10,810
Tucson Medical Center	9	4	\$327,660	10	4	\$374,771	1	0	\$47,110
University Medical Center	81	32	\$2,789,817	86	38	\$3,544,293	5	6	\$754,476
University Physicians Hospital at Kino	1	0	\$42,574	18	7	\$683,121	17	7	\$640,548
Walter Boswell Memorial Hospital	0	0	\$0	0	0	\$0	0	0	\$0
	344	122	\$10,546,641	422	157	\$14,431,969	78	35	\$3,885,329

All figures above are rounded.

Statewide Average Per-Resident Conversion Factors:

2007
\$86,483.6661

2008
\$92,119.2383